

Message Text

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ACTION EA-10

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JOINT EMBASSY:COMUSK MESSAGE

E.O. 11652: N/A

TAGS: MARR, KS, US

SUBJECT: BLACK MARKETING

SUMMARY: IN AN EFFORT TO CURTAIL BLACK MARKETING THE STATUS OF FORCES AGREEMENT JOINT COMMITTEE PLANS TO DENY DIRECT ACCESS TO USFK COMMISSARIES AND NON-APPROPRIATED FUND SALES OUT-LETS TO DEPENDENTS ACQUIRED IN ROK WHO HAVE NOT RETURNED TO THE US ON PCS ORDERS. END SUMMARY.

1. THE PROBLEM OF BLACK MARKETING OF DUTY FREE GOODS FROM COMMISSARIES AND POST EXCHANGES WHICH HAS BEEN EXTANT IN KOREA FOR MANY YEARS HAS BEEN GREATLY EXACERBATED IN THE PAST TWO YEARS AS A RESULT OF THE WORLDWIDE ENERGY CRISIS AND ACCOMPANYING ROKG EFFORTS TO CURTAIL IMPORTS THROUGH SHARPLY INCREASED ROKG CUSTOMS DUTY AND TAXES. THE DIFFERENTIALS BETWEEN PRICES OF GOODS IN USFK COMMISSARIES/EXCHANGES/CLASS VI STORES AND THE KOREAN MARKETS HAS INCREASED SUBSTANTIALY AND RESULTED IN EXPANSION OF ORGANIZED BLACK MARKETING OPERATIONS.

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2. BLACK MARKET OPERATIONS ARE OF DIRECT CONCERN TO BOTH USFK AND EMBASSY. THE SITUATION ENTICES PREVIOUSLY LAW-ABIDING USFK PERSONNEL TO PARTICIPATE IN THE ANTICIPATION OF QUICK ILLICIT GAIN. THESE HIGHLY VISIBLE BLACK MARKET OPERATIONS ALSO DRAIN

USFK RESOURCES, CREATE MORALE PROBLEMS AMONG LEGITIMATE SHOPPERS, VIOLATE KOREAN CUSTOMS AND OTHER LAWS AND HAVE BECOME A GROWING SOURCE OF TENSION BETWEEN AMERICAN AND KOREAN DEPENDENTS ON USFK BASES.

3. IN ORDER TO COUNTERACT THIS SITUATION, THE JOINT COMMITTEE WHICH HAS RESPONSIBILITY FOR IMPLEMENTATION OF THE STATUS OF FORCES AGREEMENT ON 6 MAY 1974 ESTABLISHED AN AD HOC SUBCOMMITTEE ON ILLEGAL TRANSACTIONS IN DUTY FREE GOODS TO STUDY AND ANALYZE PROBLEMS INVOLVED IN SUCH BLACK MARKETING AND TO MAKE RECOMMENDATIONS FOR NECESSARY ACTIONS, BOTH PREVENTIVE AND CORRECTIVE. THIS SUBCOMMITTEE INCLUDES MEMBERS FROM THE USFK COMMAND (ACOFJ J-1, PROVOST MARSHAL, JUDGE ADVOCATE, ACOFJ J5 AND ACOFJ J4 WITH AN AMERICAN EMBASSY OFFICER AS OBSERVER) AND THE ROK GOVT (CUSTOMS, FOREIGN AFFAIRS, HOME AFFAIRS, FINANCE, JUSTICE, TAX ADMINISTRATION AND MONOPOLY).

4. THE SUBCOMMITTEE HAS BEEN DILIGENT IN ITS EFFORTS TO CONTROL BLACK MARKETING AND TO DEVELOP RECOMMENDATIONS TO DEAL MORE EFFECTIVELY WITH THIS URGENT PROBLEM BUT FOR A COMBINATION OF REASONS IT HAS HAD ONLY LIMITED SUCCESS. COMUSK INVESTIGATION HAS REVEALED THE OUTLINES OF A HIGH STATE OF ORGANIZATION AMONG BLACK MARKETEERS WHICH HAS TENTACLES AND PAYOFFS REACHING INTO THE ROKG ITSELF, AND WHICH HAS PROVED EXTREMELY DIFFICULT TO CRACK. WHILE JOINT ROK/US INVESTIGATIVE TEAM EFFORTS HAVE BEEN PARTIALLY SUCCESSFUL IN ELIMINATING THE OPEN BLACK MARKETING THAT PREVIOUSLY OCCURRED, THE BLACK MARKET CONTINUES TO FLOURISH UNDERGROUND. FURTHER EFFORT IS CLEARLY REQUIRED, IF THE BLACK MARKET IS TO BE CURTAILED.

5. IN ITS STUDY OF THIS SITUATION, THE SUBCOMMITTEE HAS DETERMINED THAT THE BLACK MARKETING OF USFK COMMISSARY/EXCHANGE DUTY FREE GOODS TO A SUBSTANTIAL DEGREE INVOLVES KOREAN ETHNIC FEMALE DEPENDENTS (MOSTLY CITIZENS OF THE ROK), AND INDIRECTLY THEIR SPONSORS AND OTHER MALE ACQUAINTANCES, WHO ARE DEPENDENT UPON THEM FOR INSTRUCTIONS FOR PURCHASE AND SUBSEQUENT DISPOSITION OF ITEMS LIMITED OFFICIAL USE
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ON THE KOREAN BLACK MARKET. INVESTIGATIVE EVIDENCE ALSO INDICATES THAT PROFESSIONAL KOREAN BLACK MARKET OPERATORS HAVE BEEN UTILIZING AMERICAN-KOREAN MARRIAGE CONTRACTS AS A TECHNIQUE BY WHICH KOREAN FEMALE ACCOMPLICES GAIN ACCESS TO USFK DUTY FREE FACILITIES. TESTIMONY INDICATES THAT SOME AMERICAN SERVICEMEN ARE INDUCED BY OFFERS OF SUBSTANTIAL MONETARY AND OTHER REWARDS TO ENTER INTO MARRIAGE CONTRACTS WHOSE PRIMARY OBJECTIVE IS TO GAIN ENTRY INTO USFK COMMISSARIES AND EXCHANGES FOR THE KOREAN DEPENDENTS. PARTIALLY REFLECTING THIS SITUATION, THE NUMBER OF MARRIAGES BETWEEN AMERICAN SOFA PERSONNEL AND KOREAN WOMEN HAS BEEN RAPIDLY INCREASING IN RECENT YEARS. SUCH MARRIAGES TOTALLED ABOUT 3200 IN 1974, 50 PERCENT HIGHER THAN 1973 AND OVER 100 PERCENT HIGHER THAN IN 1972. THE NUMBER OF SUCH MARRIAGES DURING THE FIRST FOUR MONTHS

OF 1975 IS 35 PERCENT HIGHER THAN FOR THE SAME MONTHS IN 1974. THE NUMBER OF US MILITARY PERSONNEL (USUALLY WITH KOREAN WIVES) WHO RETIRE IN THE ROK IS ALSO INCREASING RAPIDLY, AND NOW TOTALS OVER 500. MANY OF THE SPOUSES OF THESE RETIRED SERVICEMEN ARE BELIEVED TO BE ACTIVE IN THE BLACK MARKET.

6. AFTER CAREFUL EVALUATION OF ALL THE POSSIBLE ALTERNATIVES THE SUBCOMMITTEE OF THE JOINT COMMITTEE HAS DEVELOPED AND FORWARDED TO THE JOINT COMMITTEE A RECOMMENDATION TO COUNTER THIS PROBLEM. THIS RECOMMENDATION HAS ALREADY BEEN FULLY COORDINATED WITH AND APPROVED BY TOP-LEVEL ROKG OFFICIALS. THE BASIC THRUST IS A FRANK RECOGNITION THAT EXISTING COMMISSARY/PX ACCESS PROCEDURES ARE NOT WHOLLY EFFECTIVE IN DISTINGUISHING BETWEEN LEGITIMATE BUYERS AND BLACK MARKETEERS AND FACILITATE THE ENTRANCE OF A GROWING NUMBER OF KOREANS WHO MISUSE THESE FACILITIES. THIS RECOMMENDATION IS NOT INTE S
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ALLOWANCES OR PURCHASE LIMITS OF ANY DEPENDENTS, BUT IS INTENDED TO STOP THE GROWING PRACTICE OF UTILIZING MARRIAGE CONTRACTS AND NEW WIVES WITH STILL STRONG KOREAN TIES TO OBTAIN IMMEDIATE DIRECT ACCESS TO USFK COMMISSARIES AND EXCHANGES.

7. THE KEY PARAGRAPHS OF THE RECOMMENDATION ARE: BEGIN QUOTE:
THE AD HOC SUBCOMMITTEE, AFTER COMPREHENSIVE STUDY AND CAREFUL LIMITED OFFICIAL USE
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ANALYSIS OF PROBLEMS INVOLVED IN ILLEGAL TRANSACTIONS IN DUTY FREE GOODS, RECOMMENDS THAT CERTAIN ACTIONS BE TAKEN IN ORDER TO ACHIEVE THE MUTUAL OBJECTIVES OF OUR TWO GOVERNMENTS TO ELIMINATE BLACK MARKETING PRACTICES AND TO PROMOTE HARMONIOUS AND COOPERATIVE KOREAN-AMERICAN RELATIONSHIPS. IT IS RECOMMENDED THAT THE FOLLOWING PERSONS COVERED BY THE SOFA BE DENIED DIRECT ACCESS TO USFK COMMISSARIES AND NON-APPROPRIATED FUND SALES OUTLETS AS FOLLOWS:

(A) DEPENDENTS OF US MILITARY PERSONNEL, ACQUIRED IN THE ROK SINCE THE ARRIVAL IN KOREA OF THEIR SPONSORS, WHO HAVE NOT ACCOMPANIED THEIR SPONSORS OUT OF THE ROK ON A PERMANENT CHANGE OF STATION.

(B) DEPENDENTS ACQUIRED IN THE ROK OF MEMBERS OF THE CIVILIAN COMPONENT WHO HAVE NOT COMPLETED THEIR TRANSPORTATION AGREEMENT AND WHO HAVE NOT RETURNED TO THE US ON PCS ORDERS ACCOMPANIED BY THESE DEPENDENTS.

(C) DEPENDENTS OF INVITED CONTRACTOR PERSONNEL ACQUIRED IN THE ROK SINCE THE ARRIVAL OF THEIR SPONSOR FOR HIS CURRENT ASSIGNMENT IN KOREA.

(D) DEPENDENTS OF ALL OTHER PERSONNEL WHO HAVE NOT ACCOMPANIED
THEIR SPOUSES ON AN EMPLOYMENT ASSIGNMENT OR PCS OUTSIDE OF KOREA.

THIS RESTRICTION WILL BE APPLICABLE TO THE PERSONS SPECIFIED ABOVE
REGARDLESS OF NATIONALITY OR CITIZENSHIP STATUS. THE DENIAL OF
DIRECT ACCESS OF USFK COMMISSARIES, KRE POST EXCHANGES, BEVERAGE
STORES AND CLASS VI OUTLETS WILL NOT AFFECT THE EXTRA RATION
ALLOWANCES OR PURCHASE LIMITS BASED UPON DEPENDENTS NOR WILL IT
AFFECT ANY OTHER RIGHTS AND PRIVILEGES EXTENDED TO PERSONS
AFFECTED UNDER THE SOFA. UNQUOTE.

8. THE ROK-US JOINT COMMITTEE REPRESENTATIVES ARE SCHEDULED TO
APPROVE THIS RECOMMENDATION AS AN EXIGENT ACTION ON 19 MAY 1975.
THE RECOMMENDATION WILL BECOME EFFECTIVE AT THE EARLIEST FEASIBLE
DATE LATER THIS MONTH.
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NOTE BY OC/T: #PARA. 6. AS RECEIVED.
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Disposition Case Number: n/a
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